

INSPECTION REPORT

Partial Complete XXX Exploration
 Inspection Date: 05/21/2003/ Time: 10:30 – 14:30
 Date of Last Inspection: 04/10/2003

Mine Name: Sunnyside Refuse/Slurry County: Carbon Permit Number: C/007/035
 Permittee and/or Operator's Name: Sunnyside Cogeneration Associates
 Business Address: P.O. Box 10, East Carbon, Utah 84520
 Company Official(s): Rusty Netz
 State Official(s): Karl R. Houskeeper Federal Official(s): None
 Weather Conditions: Clear & Sunny, Temp 75°F
 Type of Mining Activity: Underground Surface XXX Prep Plant Other
 Existing Acreage: Permitted 310 Disturbed 202 Regraded Seeded
 Status: Active

REVIEW OF PERMIT, PERFORMANCE STANDARDS & PERMIT CONDITION REQUIREMENTS

1. Substantiate the elements on this inspection by checking the appropriate performance standard.
 - a. For complete inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check N/A.
 - b. For partial inspections check only the elements evaluated.
2. Document any noncompliance situation by referencing the NOV issued at the appropriate performance standard listed below.
3. Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
4. Provide a brief status report for all pending enforcement actions, permit conditions, Division Orders, and amendments.

	EVALUATED	N/A	COMMENTS	NOV/ENF
1. PERMITS, CHANGE, TRANSFER, RENEWAL, SALE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. SIGNS AND MARKERS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. TOPSOIL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. HYDROLOGIC BALANCE:				
a. DIVERSIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. SEDIMENT PONDS AND IMPOUNDMENTS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c. OTHER SEDIMENT CONTROL MEASURES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. WATER MONITORING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
e. EFFLUENT LIMITATIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. EXPLOSIVES	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. DISPOSAL OF EXCESS SPOIL/FILLS/BENCHES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. COAL MINE WASTE/REFUSE PILES/IMPOUNDMENTS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. NONCOAL WASTE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. PROTECTION OF FISH, WILDLIFE AND RELATED ENVIRONMENTAL ISSUES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. SLIDES AND OTHER DAMAGE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. CONTEMPORANEOUS RECLAMATION	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. BACKFILLING AND GRADING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. REVEGETATION	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. SUBSIDENCE CONTROL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. CESSATION OF OPERATIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. ROADS:				
a. CONSTRUCTION/MAINTENANCE/SURFACING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. DRAINAGE CONTROLS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. OTHER TRANSPORTATION FACILITIES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. SUPPORT FACILITIES/UTILITY INSTALLATIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. AVS CHECK (4 th Quarter- April, May, June)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. AIR QUALITY PERMIT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
21. BONDING & INSURANCE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

INSPECTION REPORT
(Continuation Sheet)

PERMIT NUMBER: C/007/035

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(COMMENTS ARE NUMBERED TO CORRESPOND WITH TOPICS LISTED ABOVE)

1. PERMITS, CHANGE, TRANSFER, RENEWAL, SALE

The following permits were reviewed:

- Mining permit C/007/035 issued February 4, 2003 and expires February 4, 2008.
- UPDES permit #UT0024759 effective August 1, 2002 and expires midnight July 31, 2007.
- Air Quality Permit DAQO-702038-02 issued November 1, 2002, remains in effect.
- SPCC plan is only applicable to plant site which is not within the permit area.
- Certificate of Insurance effective 08/01/2002 and terminates 08/01/2003.
- Reclamation agreement is dated December 1996 and signed by both parties.

2. SIGNS AND MARKERS

The mine ID sign is located adjacent to the tippie. The MSHA Refuse and Impoundment signs were also checked during the inspection. All of the signs and markers observed during the inspection comply with the coal rules.

4B. HYDROLOGIC BALANCE: SEDIMENT PONDS AND IMPOUNDMENTS

The last inspection of the sediment ponds was done on 03/13/2003 and was compiled into a report dated 04/04/2003. The inspection and report are P.E. certified. Ponds 004, 007, 008, 009, 012, 014, and 016 are the ponds within the permit area that are listed in the inspection report.

4D. HYDROLOGIC BALANCE: WATER MONITORING

The Water Monitoring schedule contained in the MRP was reviewed and compared to the samples collected during the first quarter 2003. Lab sheets containing results of the sampled locations were checked. Water monitoring for the first quarter 2003 has been submitted into the EDI website and notification has been given to upload the information.

4E. HYDROLOGIC BALANCE: EFFLUENT LIMITATIONS

No discharge occurred from any outfalls during April 2003 according to the Discharge Monitoring Reports.

6. DISPOSAL OF EXCESS WASTE/FILLS/BENCHES

Excess Spoil Pile #1 (MSHA ID 1211-UT-09-02098-04) did not receive any material during the first quarter 2003. Excess Spoil Pile #2 (MSHA 1211-UT-09-02098-05) received approximately 2800 tons of material during the first quarter 2003.

Excess Spoil Pile #1, and #2 were inspected on 03/19/2003 and are P.E. certified in a report dated 04/04/2003.

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7. COAL MINE WASTE/REFUSE PILES/IMPOUNDMENTS

Reviewed the 04/04/2003 inspection report for the refuse pile and MSHA impoundment. The inspection was done on 03/19/2003 and was P.E. certified. No hazardous conditions were denoted in the report. The MSHA identification number for the refuse pile is 1211-UT-09-02093-01.

The East Slurry Cell is the only remaining impoundment on site under the jurisdiction of MSHA due to the size of the impoundment. The East Slurry Cell no longer receives slurry, since the closure of the Sunnyside Mine. The impoundment is currently being used as a sedimentation pond. The MSHA identification number for the East Slurry Cell is 1211-UT 02093-02. The East Slurry Cell was inspected on 03/19/2003, P.E. certified, and is part of the report dated 04/04/2003.

20. AIR QUALITY PERMIT

DAQO-702038-02 issued November 1, 2002, remains in effect. Air Quality Permit DAQE-691-99 issued August 13, 1999 was replaced by DAQO-702038-02. The permit was modified to allow the usage of a diesel generator on the power plant site. The Air Quality Permit covers both the power plant and mine site. The power plant site is not regulated by DOGM.

21. BONDING AND INSURANCE

A Pledge and Escrow agreement dated January 4, 2002 is in place. This agreement is between Wells Fargo and the Division of Oil, Gas and Mining on behalf of SCA. SCA has invested \$1,747,000 in federally guaranteed Treasury Notes. Interest accrued brings the account value to \$1,750,383.12. The required bond amount is \$1,720,000.

Insurance for the site is under Liberty Mutual Fire Insurance Company Policy #TB2-691-518993-322. The policy was issued on August 1, 2002 and expires on August 1, 2003. The policy meets all the minimum requirements of the coal rules. No explosive coverage is noted on the insurance form. However, the MRP clearly identifies that all issues regarding explosives are not addressed, since explosives will not be used at the site. The certificate holder is listed as the State of Utah, Division of Oil, Gas and Mining.

Inspector's Signature: _____ Date: May 22, 2003
Karl R. Houskeeper #49

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas & Mining.

cc: James Fulton, OSM
Randy Scott, Cogen
Price Field office

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